



## **LIST OF GENERMEX PERMITS AND CONTRACTS**

### **I. Permits granted by:**

1. Construction Permit, by the Apodaca's Municipality
2. Self-Supply Permit to Operate, from the Mexican Federal Energy Regulatory Commission (CRE)
3. Environmental Impact & Environmental Risk Studies, by the Department of the Environment and Natural Resources (SEMARNAT)
4. Promissory Land Purchase Contract, by Mr. Jose Ma. Garza Ponce

### **II. Contracts Agreed with:**

- A. Compañía Mexicana de Gas, S.A. de C.V.
  - a. Distribution of Natural Gas Agreement
  - b. Natural Gas Supply Agreement
  - c. Lump Sum EPC Construction Contract
- B. Servicios de Agua y Drenaje de Monterrey, IDP – for water supply
- C. NAES Mexico, S. de R.L. de C.V. – for operations and maintenance
- D. Areva T&D, S.A. de C.V. – for power interconnection
- E. Wood Group Gas Turbines de México, S.A. de C.V. – EPC contract
- F. Comisión Federal de Electricidad (CFE)
  - a. Interconnection Contract
  - b. Back-up Contract
  - c. Power Purchase (Excess) Contract
- G. Self-Supply, Power Services Agreement

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I.1 Name of Permit: **Construction Permit**

Purpose of Permit: permit to construct the Genermex Monterrey Power Plant, located in Apodaca, N.L.

Issued by: the Secretaria de Desarrollo Urbano from Apodaca's Municipal Government

Permit Identification Number: File: 1512/07

Expiration Date: None

Description of Permit: Genermex has the authorization to construct the Genermex Power Plant located in Apodaca, N.L. Genermex has met all the legal requirements. The Permit declares that the construction is feasible and viable. There are no legal impediments to deny the permit. The only part missing is the structural calculation log. Once presented the Permit is enforceable.

List of Updates to Permit: None is required.



I. 2 Name of Permit: **Self-supply Permit to Operate**

Purpose of Permit: To develop and operate a 146 MW combined-cycle power generation plant in Apodaca, Nuevo Leon, Mexico.

Issued by: Mexican Federal Energy Regulatory Commission (CRE)

Permit Identification Number: Permit number E/240/AUT/2002

Expiration Date: Indefinite

Description of Permit: The Genermex Project has been permitted under the “self-supply” rule by CRE (the Mexican Federal Energy Regulatory Commission) which permits individual purchasers (called Associate Users) to purchase energy from the Plant as long as each retains an equity share in the Plant (one share of GenerMEX)

List of Updates to Permit:

Genermex requested modifications to the Self-supply permit on July 11, 2006.

New modifications to the Self-supply permit were requested on July 20, 2007. The request was made to modify the list of partners contained in the original permit.

Genermex requested further modifications to the Self-supply permit. It was to change the equipment list and power output of the Plant, submitted April 18, 2008, and approved.



I. 3 Name of Permit: **Environmental Impact Authorization**

Purpose of Permit: Provides a detailed description of the Project, describes the baseline conditions of the affected environment, and provides an analysis of the environmental issues associated with the construction and operation of the Project.

Issued by: Department of the Environment and Natural Resources (SEMARNAT)

Permit Identification Number: S.G.P.A.-DIA.-0285/02

Expiration Date: 2 years for construction and 15 years for operation

Description of Permit: The Project Environmental Impact Statement was reviewed by the Secretaria de Medio Ambiente y Recursos Naturales SEMARNAT (the Department of the Environment and Natural Resources) who concluded that the Project is viable in general terms from an environmental perspective and will not have a significant adverse impact to the environment due to the prevention and mitigation measures being undertaken. The Project received a letter of approval for Permit No. 0285/02 authorizing, (from an environmental perspective) construction and operation of the Project, subject to several terms and conditions outlined in the Permit and the mitigation measures described in the EIS for environmental protection.

List of Updates to Permit:

Genermex requested project extension of time on May 30, 2006

Genermex requested project extension of time on June 25, 2007

Genermex requested project modifications on January 17, 2008

Genermex requested project extension of time on September 25, 2008

Genermex requested project extension of time on September 21, 2009

GenerMEX requested project extension of time on August 18, 2010

GenerMEX received a project extension of time until October 20, 2012

I. 4 Name of Permit: **Promissory Land Purchase Contract**

Purpose of Contract: Purchase of the land on which the project will be constructed.

Issued by: Mr. Jose Ma. Garza Ponce

Contract Identification Number: None

Expiration Date: Not mentioned

Description of Permit: The Project will be constructed on land that will be purchased by GenerMEX. It will be constructed on a 5.88 hectare (58,755 m<sup>2</sup>, 14.52 acre) parcel of land (the "Project Site") within a larger parcel measuring 6.33 hectares (63,298 m<sup>2</sup>, 15.64 acres). The Project Site is located in Apodaca County, Nuevo Leon, Mexico. It is approximately 18.8 km (11.7 miles) north-northeast of Monterrey, Nuevo Leon, Mexico. The Project Site is rectangular and is generally oriented along a north-south axis. The Arroyo Topo Chico abuts the northern boundary of the Project Site; the properties north of the arroyo are generally agricultural in nature. Camino a Auga Fría forms the site's southern boundary. To the south of this roadway, the adjacent properties consist of agricultural uses. The wastewater treatment plant (which is the source of raw (gray) water for the Project) abuts the eastern side of the Project Site. Undeveloped land, formerly agricultural, is located to the west of the Project Site.

List of Updates to Permit:

Genermex signed an addendum on April 30, 2007, which modified the original agreement with a revised price and/or extends the option to execute the land purchase and sales agreement.

Genermex signed an addendum on April 29, 2007

Genermex signed an addendum on June 29, 2005

Mr. Garza Ponce transferred the land title to one of his companies, DESARROLLOS INTEGRALES PARA LA EDIFICACIÓN, S.A. DE C.V.



II. A. a. Name of Contract: **Distribution of Natural Gas Agreement**

Purpose of Contract: This agreement provides for the operations and maintenance services of Compañía Mexicana de Gas (CMG) to deliver natural gas from a PEMEX transportation line at the Compañía Mexicana de Gas Receiving Point and to make delivery of that natural gas to Genermex's Delivery Point

Issued by: Compañía Mexicana de Gas, S.A. de C.V.

Contract Identification Number: N.A.

Expiration Date: 4 years following the initial term, at which time Genermex takes possession of the gas pipeline.

Description of Contract: Services that CMG agrees to provide to Genermex are: the conductance of the supply of natural gas contracted by Genermex from the carrier at the Distributor's reception point to the Genermex's delivery point; and the operation, maintenance and custody of the infrastructure. Genermex will have acquired from CMG the natural gas and the transport service up to the Reception Point. CMG will be solely responsible for the conditions and specifications of the natural gas delivered at the delivery point.

Genermex will make all the arrangements necessary with CMG to make sure that the conditions and specifications of the natural gas supplied at the Reception Point for distribution by CMG are compatible with the conditions and specifications required by Genermex.

List of Updates to Contract:

Costs updated on August 8, 2008

Costs updated on March 26, 2008

Costs updated on February 18, 2008

Costs updated on July 31, 2007

Costs updated on February 28, 2007

Costs updated on December 19, 2006

Costs updated on November 27, 2006

II. A. b. Name of Contract: **Natural Gas Supply Agreement (also known as the “Agreement for the Commercialization of Natural Gas”)**

Purpose of Contract: Provides for the purchase and supply of natural gas from Compañía Mexicana de Gas in sufficient quantity and of quality and pressure specified in the agreement exhibits that are necessary for the Project.

Issued by: Compañía Mexicana de Gas, S.A. de C.V.

Contract Identification Number: N.A.

Expiration Date: 8 years computed from the first date of gas delivery, with evergreen clause.

Description of Contract: Under the terms of the Natural Gas Supply Agreement, Compañía Mexicana de Gas, which has a natural gas purchase and supply contract with Pemex Gas Y Petroquímica Básica (“PGPB”), is obligated to: (1) sell and deliver natural gas at the Delivery Point; (2) comply with the quality, quantity and pressure of natural gas required at the reception point and the delivery point as specified in the Agreement, (3) submit invoicing twice per month for natural gas supply, usage and transportation, and invoicing once each month for Distribution Services; (4) bear the risk of loss of the natural gas upstream from the Delivery Point; (5) maintain delivery of natural gas during any cure period; (6) sell and deliver natural gas during the testing and commissioning phase of the Project; (7) obtain and maintain governmental Authorizations required for the performance of its obligations under the Agreement.

List of Updates to Contract: None



II. A. c. Name of Contract: **Lump Sum EPC Construction Contract**

Purpose of Contract: Compañía Mexicana de Gas will be in charge to design, purchase of materials, construction and testing of a natural gas pipe line and metering/regulation station.

Issued by: Compañía Mexicana de Gas, S.A. de C.V.

Contract Identification Number: N.A.

Expiration Date: The work shall be completed within 350 calendar days after the delivery of notice to Proceed and the Advance Payment.

Description of Contract: A metering/regulating station will be engineered, fabricated and installed at the southeast corner of the Project Site (the "Delivery Point") by Compañía Mexicana de Gas in accordance with the Project Natural Gas Construction Agreement. The metering station will also include a gas heater for preheating gas to ensure gas delivery at the required minimum gas temperature, and a SCADA system. Natural gas quantities delivered will be measured at the metering station. Care, custody, and control of the gas transfers at the Delivery Point. A suitable pipeline will be engineered, purchased, installed and tested to deliver the natural gas between the Reception Point and the Delivery Point.

List of Updates to Contract:

Costs updated on August 8, 2008

Costs updated on March 26, 2008

Costs updated on February 18, 2008

Costs updated on July 31, 2007

Costs updated on February 28, 2007

Costs updated on December 19, 2006

Costs updated on November 27, 2006



II. B. Name of Contract: **Water Supply Contract**

Purpose of Contract: Genermex has a contract with Servicios de Agua y Drenaje Monterrey to connect the existing recycled water transport infrastructure to the Plant's water treatment system.

Issued by: Servicios de Agua y Drenaje de Monterrey, IPD

Contract Identification Number: File No. 34-R10-7/02

Expiration Date: 10 Years after the date of signing.

Description of Contract: All of the raw water (gray water) requirements for the Project will be supplied via the adjacent wastewater treatment plant, Noreste Planta. The raw water will be treated on-site to be used for the cooling water supply for the cooling tower, de-mineralized water for boiler make-up, and as the potable water supply for sanitary purposes. The Project is not tied to a domestic source of water (e.g., city water) or wells, therefore drinking water will be supplied by bottled water. Rain water and blow down from the cooling tower and boilers will be treated and discharged to the river. Sanitary waste will flow to sewers in the street.

List of Updates to Contract: None



II. C. Name of Contract: **Operation and Maintenance Agreement**

Purpose of Contract: Provide management, personnel and all necessary materials for the operations and maintenance of the Plant.

Issued by: NAES Mexico, S. de R.L. de C.V.

Contract Identification Number: N.A.

Expiration Date: Once notice to proceed is delivered by Genermex to NAES, this agreement shall remain in effect for a period ending on the tenth anniversary of the Commercial Operation Date.

Description of Contract: NAES will perform O&M services at the GenerMEX Plant from Provisional Acceptance through the term of the O&M Agreement (the "Operating Phase"), as well as certain activities during construction, start-up and testing ("Pre-Commercial Phase") of the Project. All personnel required to operate and maintain the Project will be employees of NAES. NAES will have sole authority concerning the working hours, rates of compensation, and other matters relating to employment. NAES intends to maintain a staff of 22 personnel during the Operating Phase, which is inclusive of the Plant Manager.

List of Updates to Contract: None



II. D. Name of Contract: **Collateral Works (Electrical Interconnection) for the Genermex Plant**

Purpose of Contract: Electrical modifications to: PIMSA, PROLEC, Planta Vapor Monterrey, Residuos del Noreste substations; and transmission line 115 kV for the electrical interconnection to the grid. Optic fiber, and accessories for communication and teleprotection are included.

Issued by: Areva T&D, S.A. de C.V.

Contract Identification Number: Contract No. 100/05

Expiration Date: Not mentioned

Description of Contract: The proposed price for the work by Areva includes the expenses for governmental department procedures and excludes required permits, rights of way payments, or for the disturbance of private properties.

The schedule for the work is eight months following the receipt of the purchase order and advance payment from Genermex. Documentation to be provided under the proposed agreement includes: test reports, project review, site journals, drawings, and study reports.

List of Updates to Contract:

Update of "Attachment A" on October 8, 2008

Update of "Attachment A" on April 14, 2008

Update of "Attachment A" on January 24, 2007



II. E. Name of Contract: **EPC Contract**

Purpose of Contract: Wood Group Gas Turbines de Mexico is responsible for the turn-key, lump sum, engineering, equipment purchase and delivery, installation, construction and testing of a combined cycle power plant.

Issued by: Wood Group Gas Turbines de México, S.A. de C.V. on October 9, 2008.

Contract Identification Number: N.A.

Expiration Date: June 30, 2010

Description of Contract: Wood Group is responsible for the complete design, engineering, procurement, construction (including construction management, labor, equipment and tools) startup, testing and commissioning of the Plant and Equipment, including associated guarantees and warranties.

List of Updates to Contract: None

The EPC Contract price and expiration date are tied to a Reservation and Backstop Agreement between Genermex, Wood Group and Rolls-Royce. Wood Group has agreed to update the price of the EPC Contract once proof of funding has been presented to them for review.

Name of Contract: **Interconnection Contract**

Purpose of Contract: The purpose of the Interconnection Agreement is to define and enable the interconnection of the project to the CFE Grid and to define the terms and conditions under which CFE will provide wheeling and back-up services to Genermex and to Genermex's AUs and CAUs. It also describes the term of the agreement, the schedules, commercial operation date, completion schedule and payment terms. Establishes the obligations of GenerMEX and CFE for the wheeling of energy produced by the Project

Issued by: Comisión Federal de Electricidad

Contract Identification Number: N.A.

Expiration Date: 20 years after the normal operation date

Description of Contract: Under the terms of the Interconnection Agreement, GenerMEX is obligated to: (1) design, procure, and construct the switchyard at the Project to meet the requirements of CFE's system specifications; (2) design, procure, and construct certain improvements to certain CFE substations (if applicable); (3) design, procure, and construct certain transmission interconnections between the Project and CFE's substations (if applicable); (4) provide capacity and energy for its AUs and potential CAUs at the interconnection point for wheeling by CFE; and (5) pay for the wheeling of energy by CFE to these Users, and the supply by CFE of energy under the back-up agreements. CFE is obligated to: (1) own and operate the improvements provided by GenerMEX to its substations and transmission lines; (2) transmit and deliver to the GenerMEX AUs and potential CAUs the capacity and energy provided at the interconnection point by GenerMEX; and (3) pay for the amount of energy not required by GenerMEX's Users and provided to CFE for use in its system.

List of Updates to Contract:

Name of Contract: **Back up Contract**

Purpose of Contract: During periods of failures and maintenance, CFE will provide energy to the Genermex's partners. The partners always will have energy during these periods.

Issued by: Comisión Federal de Electricidad

Contract Identification Number: N.A.

Expiration Date: 20 years

Description of Contract: Under the terms of the Back-up Power Services Agreement, CFE agrees to provide electric service up to a defined capacity amount to the AUs and to the potential CAUs during such time as the Project is shut down or produces reduced capacity and energy due to planned maintenance or any forced outage. CFE also agrees to provide electrical service to the Project during periods of shutdown and startup. The terms and conditions of the Back-up Power Services Agreement are the same as those provided under the Interconnection Agreement. The monthly charges for back-up services are to be calculated in accordance with CFE's published Tariff.

List of Updates to Contract:



Name of Contract: **Power Purchase (Excess) Contract**

Purpose of Contract: To establish the basis, proceedings, terms and conditions for selling to the CFE all the excess energy.

Issued by: Comisión Federal de Electricidad

Contract Identification Number: N.A.

Expiration Date: 20 years

Description of Contract: Genermex may have excess energy available when compared to the demands of its AUs and potential CAUs. The Excess Energy Agreement provides that CFE will accept and pay for such excess energy, subject to the dispatch rules established by the system operator. Energy can be scheduled by a bid to the system operator before a month begins or scheduled based on day ahead requests of the system operator. The price at which CFE will buy the excess energy will be further defined in the Agreement.

List of Updates to Contract:

G. Name of Contract: **Self-Supply, Power Services Agreement.**

Purpose of Contract: Sell energy to the Associate Users and/or Complementary Associate Users

Issued by: Genermex

Contract Identification Number: N.A.

Expiration Date: Ten Years after initial delivery of power from Project.

Description of Contract: Genermex has 38 contracts executed, 32 are Associate Users and 6 are Complementary Associate Users. Genermex is contractually committed to generate and deliver up to 120 MW to Its Associate Users. The main General Conditions of the Power Generation and Distribution Services Contract are: (1) That it is a 10-year Term contract, (2) That the Associate Users have a "take or pay" obligation for 65% of the contracted amount of power, if power is delivered to another Associate User or CFE, (3) That the cancellation of the "take or pay" obligation is permitted only if there is a relocation or business closure, requiring a 12-month prior notice, (4) Offers up to a 10% Max. Discount to CFE tariffs, 5% as a minimum discount is always guaranteed. (5) 100% back-up service power contracted with CFE guarantees 100% of power availability.

Basically power will be measured and billed exactly as it is today with exception that there will be a discount made to the CFE tariffs.

Associate Users do not need to invest any capital at all. They will receive one stock certificate, sign a Power Services Agreement, provide a deposit to cover their respective monthly bills based on the energy consumed, exactly as it is being paid today to CFE, but at a guaranteed lower cost and with a reliable constant supply. Power delivered is non-interruptible, except in a CFE declared emergency.

List of Updates to Contract: N.A.

